

**Law Offices of
Mark Kotlarsky**

11610 Piney Spring Lane Potomac, MD 20854

Phone 301-765-1855

Fax 301-765-0694

E-mail mark@lawmk.com

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March 25, 2004

**Abdi Kambiz
Art Unit 3621
Examiner
Commissioner of Patents and Trademarks
Washington DC 20231**

Re: Application 09/681,390

This is in response to Office Action in the above referenced matter dated December 29, 2003.

As a general matter, the applicant would like to point out that it does not appear that the examiner understood the invention. It is quite obvious from the examiner comment that "all the steps involved in the claimed invention is considered to be performed in a manual way", page 4 of the Action, where, in fact, the only manual input involved is typing a password. Second, the office action is illogical: the examiner claims, on the one hand, that the invention is too broad to be patentable and, on the other hand, that it is preempted by other patents. It is difficult to see how an invention may be narrower than prior patents and, at the same time, be indefinitely broad. Third, the applicant's ability to understand the examiner was severely hampered by numerous typos and grammatical errors.

The following are specific remarks concerning the office action.

Drawings

The examiner states that "applicant has used numbers as designation of communications amongst the entities involved in the transaction, which they have not been defined or designated within the specification." Beside the fact that it is impossible to understand who are "they", it is impossible to understand what the examiner had in mind, making any corrections impossible. The numbers on the diagrams simply refer to the order in which information flows between various entities. If the examiner believes that the numbers should be deleted or that each number must be cross-referenced to the text, the applicant can routinely make the changes necessary to alleviate the examiner's concern.

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Claim Rejections – 35 USC §112

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The examiner rejected claims 11 through 15 as being indefinite due to the use of the phrases “authentication device”, “input device” and “output device”. It is not clear why such use makes the claims indefinite. The claims refer to an “authentication device” with an “input device” and “output device.” Considering the claim in its entirety, it is easy to understand that the authentication device refers to the identification apparatus described in the summary of the application and used in claims 2 and 3 to encrypt the information. The terms “input device” and “output device” refer to any devices capable of transmitting information into and from the authentication device.

If the examiner only requests that the claims containing the term “authentication device” were cross-referenced with claims 2 and 3, the applicant can routinely correct this oversight. If the examiner has other concerns, the examiner needs to explain his position clearer.

Claim Rejections – 35 USC §101

It is absolutely impossible to understand the basis of this rejection in light of the new “Examination Guidelines for Computer-Related Inventions.” The proposed invention is clearly computer related. The Guidelines state blissfully clearly that “[a] computer-related invention is within the technological arts. A practical application of a computer-related invention is statutory subject matter”.¹ Consequently, the proper inquiry under the guidelines is whether the proposed invention has any practical applications.

In his haste to reject the application for any reason, the examiner did not even bother to discuss whether the invention has practical uses. It is obvious that the invention has practical applications and is statutory subject matter.

Claim Rejections – 35 USC §102 , 103

The examiner has the burden of proof with respect to the prior art. The examiner cited two prior publications: the 1997 book by Donal O'Mahony, whose name the examiner misspelled at every opportunity, and the 2002 patent by Steve Cornelius, with the priority date after the publication of O'Mahony's book. The examiner failed his burden of proof in this matter because the book and the patent failed to address the issue to which the application is directed: ability to transmit information safely even if the originating computer is entirely unsafe and its keyboard can be monitored stroke-by-stroke.

The applicant's invention allows the information to be transmitted safely even if the

¹ The examiner's reference to the decision in Diamond v. Diehr, 450 US 175 at 187, 209 (1981) suggests that the examiner had not read the case, because there is nothing in the Diamond decision which may suggest that a computer program or algorithm may not be patentable.

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originating computer is entirely unsafe and its keyboard can be monitored stroke-by-stroke, because the crucial information, such as password, is encoded outside of the computer and cannot be decoded. Nothing proposed by O'Mahony or Steve Cornelius could possibly accomplish the same result.

For the above reasons, the applicant requests that the patent be issued for all claims.

Sincerely,


Mark Kotlarsky, Esq.

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